



STATE OF WASHINGTON

OFFICE OF THE FORECAST COUNCIL

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OLYMPIA, September 18, 2003 --- There are increasing signs that the recovery will accelerate in the second half of this year but there has still been no sustained improvement in either the U.S. or Washington the job market since the recession officially ended in November 2001. Though revenue collections since the June forecast have been higher than expected, the difference was mostly due to non-recurring items.

The overall revenue forecast is essentially unchanged since June. The September 2003 General Fund-State revenue estimate for the 2001-03 biennium is \$21,141.5 million, which is \$20.4 million (0.1 percent) less than expected in June but the forecast for the 2003-05 biennium of \$22,755.7 million is \$14.7 million (0.1 percent) higher. The net change for the two biennia combined is a reduction of \$5.8 million.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2003-05 biennium. The forecast based on more optimistic economic assumptions netted \$736 million (3.2 percent) more revenue than did the baseline while the pessimistic alternative was \$909 million (4.0 percent) lower. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded just \$7 million (0.0 percent) more revenue than did the baseline forecast.

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